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Theory Assessment and Agenda Setting in Political CSR: A Critical Theory Perspective Theory Assessment and Agenda Setting

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Abstract: Frynas and Stephens (Political corporate social responsibility: reviewing theories and setting new agendas. *International Journal of Management Reviews*, 17, pp. 483–509, 2015) reviewed the literature on political corporate social responsibility (CSR). They described existing trends and suggested an agenda for future research. They attempted to develop ‘a more inclusive pluralist research agenda in political CSR, which can integrate different perspectives on political CSR in order to account for different phenomena, including global governance changes at macro level, instrumental concerns at organizational level or cognitive dimensions at individual level, in both descriptive and normative terms’. This was an ambitious endeavour, given the rapid growth of the literature and the extensive heterogeneity of the field. There is much to like in Frynas and Stephens’ paper, as it spans a broad range of perspectives and links together discrete research topics. In the present review, however, the author focuses on a number of critical aspects in their argument. Frynas and Stephens failed to define core concepts, to reveal their normative stance on CSR and their paradigmatic position, or to address the inherent conflict of values in political CSR. And they were too optimistic about the possibilities and benefits of ‘integration’. The author suspects that their approach, when adopted in practice, will impede rather than promote social welfare. This paper starts with a brief summary of the field and continues by emphasizing critical issues in Frynas and Stephens’ analysis. It concludes with an alternative agenda for research in political CSR.

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Theory Assessment and Agenda Setting in Political CSR: A Critical Theory Perspective

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Frynas and Stephens (Political corporate social responsibility: reviewing theories and setting new agendas. *International Journal of Management Reviews*, 17, pp. 483–509, 2015) reviewed the literature on political corporate social responsibility (CSR). They described existing trends and suggested an agenda for future research. They attempted to develop ‘a more inclusive pluralist research agenda in political CSR, which can integrate different perspectives on political CSR in order to account for different phenomena, including global governance changes at macro level, instrumental concerns at organizational level or cognitive dimensions at individual level, in both descriptive and normative terms’. This was an ambitious endeavour, given the rapid growth of the literature and the extensive heterogeneity of the field. There is much to like in Frynas and Stephens’ paper, as it spans a broad range of perspectives and links together discrete research topics. In the present review, however, the author focuses on a number of critical aspects in their argument. Frynas and Stephens failed to define core concepts, to reveal their normative stance on CSR and their paradigmatic position, or to address the inherent conflict of values in political CSR. And they were too optimistic about the possibilities and benefits of ‘integration’. The author suspects that their approach, when adopted in practice, will impede rather than promote social welfare. This paper starts with a brief summary of the field and continues by emphasizing critical issues in Frynas and Stephens’ analysis. It concludes with an alternative agenda for research in political CSR.

If you don’t know where you’re going, you might not get there. (Yogi Berra, baseball legend)
(Berra 2002, p. 53)

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Introduction: the emergence of political corporate social responsibility

In the past decade, the political dimension of corporate social responsibility (CSR) has been studied intensively. Various theoretical perspectives and numerous empirical studies have been published (for reviews, see Frynas and Stephens 2015; Rasche 2015; Scherer *et al.* 2016). Today, the field is fragmented and ranges from normative research on the ethical implications of corporate engagement with public policy to descriptive or instrumental research that explains corporate influence on the regulatory environment. In recent years, proponents of different perspectives have started a dialogue (den Hond *et al.* 2014; Liedong *et al.* 2015; Rajwani and Liedong 2015; Rasche 2015;

Scherer and Palazzo 2011). The review paper by Frynas and Stephens (2015) is an important contribution to the debate. Frynas and Stephens take stock of the field and propose a future research agenda for political CSR. Although their endeavour is welcome, one can see limitations in their argument. Therefore, this paper questions Frynas and Stephens' approach because of its conceptual ambiguity and normative vacuity and proposes an alternative agenda for research. It briefly describes the field, unfolds the critique and develops an alternative based on Scherer and Palazzo (2007, 2011) and other proponents of political CSR. The present paper goes beyond that literature, as (a) it is explicitly engaged with corporate political activity (CPA) scholarship, with Frynas and Stephens (2015) as an important example, (b) the paper is broader, in that it also concerns domestic companies and public issues that do not have a transnational character, and (c) it explores further the concept of 'politics'.

The relationship between corporations and the political system is an important topic (Boddeyn 2003; Boddeyn and Brewer 1994; Doh *et al.* 2015; Scherer *et al.* 2014). On the one hand, the political system defines the institutional context in which corporations are embedded and also incentivizes or restricts corporate behaviour (Jackson and Deeg 2008). On the other hand, corporations influence the institutional context by various means, becoming political actors themselves (Hillman *et al.* 2004). Thus, corporations are not entirely separate from but, rather, also part of the political system, inasmuch as they assume a political role (Scherer *et al.* 2014). This complex relationship and the essence of the political role of corporations have been discussed in various subfields of management studies. Corporate political activity (Hillman *et al.* 2004; Lawton *et al.* 2013), political CSR (Scherer and Palazzo 2007, 2011) and corporate citizenship (Matten and Crane 2005) are important research streams in this discussion that differ in how they conceive of the political role of corporations and how and in what interest scholarship should contribute to shape this role.

Research on CPA focuses on the non-market strategies of business firms and explores how companies influence the political system (Hillman *et al.* 2004; Lawton *et al.* 2013; Rajwani and Liedong 2015). The assumption of CPA research is that firms are motivated exclusively by their economic interests and engage with the political system only in order to gain economic benefits and/or to further their competitive positions (Baysinger 1984; Hillman *et al.* 2004).

Researchers empirically explore the factors that explain the political strategies of corporations and their success in determining the political environment or influencing public policy. The theoretical foundations, context conditions and methods of CPA are quite coherent, resulting in a relatively homogeneous body of research (Hillman *et al.* 2004; Lawton *et al.* 2013). Corporate political activity is the scholarly homebase of Frynas and Stephens' (2015) endeavour, from which they try to integrate the other approaches. The instrumental perspective of CPA, however, has been criticized by scholars who emphasize the responsibility of business in contributing to social and environmental well-being (Mantere *et al.* 2009; Matten 2009; Rasche 2015; Scherer and Palazzo 2011; Scherer *et al.* 2013, 2016).

Unlike CPA, CSR goes beyond corporate interests and is more directly concerned with public welfare. Corporations assume responsibility by providing positive impacts on society and avoiding the negative. This is reflected in McWilliams and Siegel's (2001, p. 117) definition of CSR as 'actions that appear to further some social good, beyond the interest of the firm and that which is required by law'. However, CSR literature is inconclusive as to what actually motivates firms to 'further some social good' or at least to 'appear' to be doing so (van Aaken *et al.* 2013; Bénabou and Tirole 2010; Kitzmüller and Shimshack 2012). Corporate social responsibility can be explained by economic calculations and instrumental reasoning (McWilliams and Siegel 2001, Whelan 2012), by intrinsic motivation for altruistic and pro-social behaviour (Baron 2010; Bénabou and Tirole 2003), by institutional pressures (Campbell 2007; Lim and Tsutsui 2012) or by NGO activities (Baron and Diermeier 2007).

At closer inspection, it shows that the quest for the motivation of CSR behaviour is not the only matter of disagreement, as there are (1) different ideological assumptions on whether CSR research is to be understood as a positive or normative discipline, i.e. a discipline that explains observable phenomena or a discipline that prescribes certain behaviour, and there are (2) various social theories with different ontological, epistemological and methodological assumptions that are advanced in the field of CSR. This has led to considerable fragmentation in the CSR literature (Garriaga and Melé 2004; Scherer and Palazzo 2007; Windsor 2006). As a result, CSR is very broadly defined and has been used as an 'umbrella term' (Blowfield and Frynas 2005; Frynas and Stephens 2015; Rasche 2015; Scherer and Palazzo 2007) for

very diverse perspectives on the responsibilities of businesses.

More recently, two specific CSR conceptions have been advanced that focus on the role of business firms in providing public goods and defining and enforcing public rules. These concepts help analyse corporate behaviour, especially under conditions of globalization, when state agencies are unwilling or unable to provide public goods and when corporations step in to fill governance gaps (Scherer *et al.* 2006). Corporate citizenship (Matten and Crane 2005; Moon *et al.* 2005; Scherer and Palazzo 2008) and political CSR (Scherer and Palazzo 2007, 2011) were introduced to emphasize the state-like role of (multinational) corporations and to distinguish these conceptions from the instrumental approaches that focus on the business case of CSR (Carroll and Shabana 2010; Vogel 2006). These two conceptions draw from political theories and aim to develop normative-critical theory. They advance a distinct notion of politics as the public realm in which deliberations take place and collective decisions are made to further the public interest (Scherer *et al.* 2014; Young 2004). Corporate citizenship and political CSR are normative, as they incorporate values, make these values explicit for critical reflection, and propose how research should change social reality and why (Marti and Scherer 2016). Much of this work is embedded in the tradition of critical theory, as the aim is to analyse social conditions, identify the unjustified use of power, and reform social practices and institutions so that human beings are freed from dependency, suppression and subordination (Scherer 2009; Steffy and Grimes 1986). Political CSR scholarship develops a critical research agenda on the responsibilities of business and dissociates itself from the positivistic research in CPA and the instrumental approach to CSR.

Frynas and Stephens' assessment: its contributions and its limitations

Although Frynas and Stephens acknowledge the contributions of various protagonists in this debate (e.g. the works of Crane, Gilbert, Matten, Moon, Palazzo, Rasche, Scherer and others), they take issue with Scherer and Palazzo's (2007, 2011) approach to political CSR and consider it a 'narrow research agenda that postulates normative theory to the exclusion of descriptive theory' (Frynas and Stephens 2015, p. 485). Instead, the authors seek to advance what they call a 'more inclusive pluralist research agenda'

(Frynas and Stephens 2015, p. 485). The following review points to limitations in Frynas and Stephens' assessment and questions their recommendations. They fail to define core concepts, to reveal their normative stance on CSR and their paradigmatic position, or to address the inherent conflict of values in political CSR, and are too optimistic about the possibilities and benefits of 'integration'. Their approach misses a clear aim to which future research efforts should be targeted. Nor does it provide a critical edge against the instrumentalist mainstream of CSR.¹ Therefore, I suspect that, if companies were to follow the instrumental approach, they would probably impede rather than promote public welfare.²

Concept definition

Although the concept of politics is central to their analysis, Frynas and Stephens do not provide an adequate definition. Frynas and Stephens (2015) dismiss the normative standpoint of Scherer and Palazzo (2007, 2011), advance an allegedly value-free position, and seem to be indifferent regarding the implications of CSR for the common good. They define political CSR as 'activities where CSR has an intended or unintended political impact, or where intended or unintended political impacts on CSR exist (i.e. impacts related to the functioning of the state as a sphere of activity that is distinctive from business activity)' (Frynas and Stephens 2015, p. 485). However, they are not explicit about the meaning of 'political' and its normative implications, despite the frequent attributive use in connection with a host of different terms: 'political aspects', 'political impacts', 'political role of companies', 'political pressure' and 'political institutions'.

What Frynas and Stephens provide in the way of a definition ('functioning of the state as a sphere of activity that is distinctive from business activity') does not help to clarify the notion of 'political', as the notions of 'state' and 'functioning of the state' are also not defined. The literature on 'variety of capitalism' (Hall and Soskice 2001) shows that market economies are in a continuous state of flux and 'institutionally indeterminate' (Unger 2007, p. 8). There are persistent

¹It is remarkable that, in his previous works, Frynas developed a more critical perspective on CSR than is presented in the current review paper, e.g. see Blowfield and Frynas (2005), Frynas (2005, 2008).

²One may even question whether CPA leads to financial returns for firms (Hadani and Schuler 2013).

variations in national systems that lead to different business–government relations (Mäkinen and Kourula 2012), resulting in new emerging forms of governance, organization and control (Detomasi 2015; Djelic and Etchanchu 2015). Unfortunately, Frynas and Stephens define neither ‘the functioning of the state’ nor the ‘sphere of [state] activity’, nor do they provide a normative understanding of what functions a proper state should perform, and to what end. Therefore, their definition of political CSR is vague and the implicit aim of their conception of political CSR is questionable.

Frynas and Stephens’ (2015) conception is biased towards a particular perspective derived from Lawton *et al.* (2013), who provide a specific ‘CPA ontology’ (based on Hillman *et al.* 2004). This ontology is characterized by the premise that business firms engage in CPA ‘primarily to create or maintain corporate profits’ (Lawton *et al.* 2013, p. 88). Business firms seek to bring about public policy changes that promote their private interests or to prevent public policies that are at odds with corporate goals. In order to influence public policy, firms employ various political strategy measures such as relationship management, corruption, inducements and contributions, and lobbying (Baysinger 1984; Lawton *et al.* 2013; Rajwani and Liedong 2015).

It is obvious that, based on this ‘CPA ontology’, Frynas and Stephens’ approach advances a narrow, instrumental view on politics. This scholarly view facilitates political strategies in the corporate world that are likely to lead to regulatory capture, defined as ‘the result or process by which regulation, in law or application, is consistently or repeatedly directed away from the public interest and toward the interests of the regulated industry, by the intent and action of the industry itself’ (Carpenter and Moss 2014, p. 14). Regulatory capture undermines the capability of the state to remedy market failures, to regulate business activities, to redistribute income and wealth, and to contribute to social welfare (Bénabou and Tirole 2010; Kees and Yurchenko 2015; O’Hara 2014; Scherer and Palazzo 2011). This is a prevalent problem in, for example, the financial (Perrow 2010; Underhill and Zhang 2008), extracting (Carpenter 2015; Portman 2015) or automotive (Greens/EFA Group 2015) industries, which suffer from regulatory capture at the expense of the public interest. Thus, by facilitating political strategies in the corporate world, CPA scholarship puts public welfare at risk (see critically Mantere *et al.* 2009; Matten 2009). The problem is that CPA scholarship

conceives of politics as the domain in which powerful actors (such as business firms) advance their private interests and optimize their influence on collective decisions, often at the expense of other, less powerful, actors. Concern for the public interest is excluded from the analysis, and the negative implications that CPA practice may have for society are not considered; rather, the success factors of corporate political strategies and the potential to enhance corporate profits are explored. As a result, despite their plea for ‘descriptive theorizing’, Frynas and Stephens follow a hidden normative agenda that is detrimental to society.

Domain definition

Frynas and Stephens (2015) derive the framework for structuring the domains of the ‘political impact’ from Lawton *et al.* (2013). They do not critically reflect on the implicit normative assumptions of the instrumental view on politics and largely exclude critical work on political CSR. Frynas and Stephens (2015, p. 485) distinguish three domains: domain A consists of ‘deliberate attempts of firms to influence governments in order to gain firm-specific competitive advantages’ and thus to a large degree overlaps with CPA (e.g. see Rajwani and Liedong 2015); domain B includes the ‘unintended effects of firm activities on the development of institutions’; and domain C ‘reactive strategies of firms with regards to changes in the external political environment’ (Frynas and Stephens 2015, p. 485). In my view, this typology is not very convincing.

Specifically, the definition of these three domains leads to the exclusion of important research on political CSR:

- (1) Frynas and Stephens neglect research on firms that engage in proactive (rather than reactive) strategies and deliberately (rather than unintentionally) contribute to the production of public goods for ‘not-for-profit motivations’ (Kitzmueller and Shimshack 2012, p. 53) (rather than for ‘firm-specific competitive advantages’). Firms may do so for altruistic moral concerns (Baron 2010), for pro-social motivations (Bénabou and Tirole 2010) or for mimetic processes (Campbell 2007). Many firms that take part in the United Nations Global Compact (UNGC) may fall into this category (Cetindamar and Husoy 2007).

- (2) Also, Frynas and Stephens neglect research that is critical of corporate influence, lobbying and greenwashing (e.g. Banerjee 2008; Fleming and Jones 2013; Laufer 2003). The adoption of a value-free approach paired with Lawton and colleagues' (2013) framework excludes normative-ethical work and impedes a critical discussion on the notion of 'political impact'. This is important, as Frynas and Stephens one-sidedly build on an instrumental perspective and leave out alternative approaches from their limited conception.

To be fair, Frynas and Stephens' framework is more inclusive than the review by Aguinis and Glavas (2012), on which they build. Aguinis and Glavas (2012) aim to integrate the 'vast and heterogeneous CSR literature into a single state-of-the-science review' (Aguinis and Glavas 2012, p. 959) and promise to do so 'in a coherent and comprehensive manner' (Aguinis and Glavas 2012, p. 933). However, the authors take into account only research that can be adapted to their machine-like input-output model of CSR and that fits into the boxes of predictors, mediators, moderators and outcomes of CSR. Within such a positivistic framework, there is no space for normative-ethical or critical studies (e.g. see Banerjee 2007, 2008, 2010; Edward and Willmott 2008; Fleming and Jones 2013; Khan *et al.* 2007; Laufer 2003; Marens 2010; Prasad and Mills 2010; Roberts 2003; Scherer and Palazzo 2007, 2011), and, consequently, such works are completely absent from their review. Unfortunately, also Frynas and Stephens' (2015) review suffers from such omissions (though to a lesser extent).

Selection of research outlets and false negative errors

Frynas and Stephens (2015, p. 486) wish 'to identify which theories have been most widely adopted in the political CSR literature' and survey papers from field journals and general management journals (which were drawn from journal lists in Aguinis and Glavas (2012) and Laplume *et al.* (2008)). As a result, they come up with 146 political CSR papers that apply general theories, some of which apply multiple theoretical perspectives. This leads to a total of 173 applications of theoretical perspectives. Frynas and Stephens do not use keywords in their search 'but analysed each issue individually, in search for articles that referred to issues related to companies' social and environmental responsibilities' (Frynas and

Stephens 2015, p. 486). And they 'only selected papers where the application of a general theory was explicitly acknowledged' (Frynas and Stephens 2015, p. 486).

This procedure may have helped them to avoid false positive errors (research contains selection criteria, but is not related to political CSR). However, they cannot avoid false negative errors (research does not fit with selection criteria, but is related to political CSR). False negative errors occur here for at least four reasons:

- (1) Political CSR papers are published in the sample journals, but Frynas and Stephens ignore their relevance (e.g. Crouch 2006; Jones and Fleming 2003; Khan *et al.* 2007; Wittneben *et al.* 2012).
- (2) Political CSR papers are published in journals that the authors do not have on their watch list (such as *Organization* or *Public Relations Review*) (e.g. see van Aaken *et al.* 2013; Fransen and Kolk 2007; Munshi and Kurian 2005; Roberts 2003; Vallentin and Murillo 2012; Zyglidopoulos and Fleming 2011).
- (3) Research is published in monographs or book chapters; text types that they principally do not take into consideration. This leads to the exclusion of important books or book chapters (e.g. see Banerjee 2007; Crane *et al.* 2008; Fleming and Jones 2013; Locke 2013; Vogel 2006).
- (4) Finally, the procedure favours work that is built on deductive theory building, i.e. that explicitly starts with and further develops a distinct theoretical perspective. By contrast, inductive work, explorative and narrative approaches are in danger of being excluded from the review (for recent inductive and narrative studies on political CSR, e.g. see Anastasiadis 2014; Castello and Galang 2014; Castello *et al.* 2016; Reinecke and Ansari 2015, 2016).

Concept of theory

The authors do not aim to categorize CSR research per se, but to assess how 'general theoretical perspectives' are applied in political CSR literature. Frynas and Stephens (2015, p. 484) propose a specific notion of general theory defined as 'a system of ideas that can be used in different fields of business studies scholarship (e.g. stakeholder theory or legitimacy theory are not only applicable in CSR studies, but are generally applicable in other fields of business studies)'. The theories are derived inductively from the analysis

of 146 political CSR papers. The authors distinguish between relational perspectives (which include stakeholder theory, institutional theory, legitimacy theory), instrumental economic and managerial perspectives (resource-based view, agency theory, transaction cost economics) and political perspectives (Habermasian theory, Rawlsian theory, integrative social contracts theory).

However, it is unclear when a 'system of ideas' can be called a 'theory' and whether the perspectives they suggest are distinct (e.g. political perspectives also contain relational aspects) and comprehensive (e.g. Kantian or Aristotelian approaches to organization studies are neglected; see Arnold and Bowie 2003; Solomon 2004). One can argue that 'stakeholder theory', for example, is not a clearly defined theory, but a discourse on descriptive, instrumental and normative perspectives on business firms and their relationships with stakeholders (see Donaldson and Preston 1995; Scherer and Patzer 2011). In this discourse, different and partly incoherent assumptions and approaches compete with each other. Thus, a considerable fragmentation within stakeholder discourse prevails, and even Freeman (1994, p. 413) concedes: 'There is no such thing as the stakeholder theory [...] it is a genre of stories about how we could live.'

In the social sciences, the concept of theory is highly contested, as researchers agree neither on what theory is nor on what it is not (see DiMaggio 1995; Sutton and Staw 1995; Weick 1995; but see also Suddaby 2014). There are research paradigms that stand in stark contrast to each other and have different understandings on what constitutes a theory. This pluralism prevails until today, with the result that organization studies is a highly contested field (Alvesson and Sandberg 2013; Davis 2015a,b; Lounsbury and Beckman 2015; Shepherd and Challenger 2013). Research paradigms are based on different ideological, ontological, epistemological and methodological assumptions, which can be used to categorize alternative theories (Astley and Van de Ven 1983; Burrell and Morgan 1979; Gioia and Pitre 1990; Scherer 2003; Steffy and Grimes 1986). However, Frynas and Stephens do not use such categorizations, nor do they consider alternative paradigmatic assumptions. Instead, they focus on the level of analysis to compare various theories. As a consequence, they ignore the inherent conflicts of values and paradigmatic tensions of the various approaches to political CSR and the underlying social theories.

Level of analysis

In their literature review, Frynas and Stephens (2015) diagnose a domination of meso- and macro-level analysis and a lack of micro-level studies, as they could 'not find a single paper that addressed the individual level on its own' (Frynas and Stephens 2015, p. 487). In addition, they lament that there are too few cross- or multi-level studies and invite researchers to fill these gaps. However, it should not come as a surprise that CSR is mainly concerned with the firm, industry and societal level. Corporate social responsibility is primarily about corporate responsibilities towards society; individual responsibility is secondary and taken account of only in relation to other levels. There are research fields that specialize in the micro-level and the responsibilities of individuals, such as ethical decision-making (Ferrell and Gresham 1985; Jones 1991; Trevino 1986; Trevino *et al.* 2006), organizational citizenship behaviour (Graham 1991; Van Dyne *et al.* 1994), behavioural economics (Bartling *et al.* 2015; Bénabou and Tirole 2006), responsible leadership (Maak and Pless 2006; Maak *et al.* 2016; Pless *et al.* 2012; Voegtlin 2011) or ethical leadership (Brown *et al.* 2005; Mayer *et al.* 2012). These works do not necessarily use the concept of CSR, even though they may explore the link between the individual and the corporate or institutional levels (e.g. see Penner *et al.* 2005; but see also Bénabou and Tirole 2010; Kudlak and Low 2015). In turn, any CSR paper focusing exclusively on the individual level of analysis without touching on the corporate level would be misnamed.

However, I agree with Frynas and Stephens that the relationships between political CSR and individual behaviour need to be explored further in order to understand better how corporate responsibilities are enacted and implemented. I comment on this below. In particular, we need to understand the processes of how political CSR and individual behaviour mutually affect each other (e.g. see Bénabou and Tirole 2010). We need to study the implications of the emerging political responsibilities of firms for individuals (Constantinescu and Kaptein 2015) and leaders (Maak and Pless 2009; Voegtlin *et al.* 2012). This includes related aspects such as the influence of human resource management and human resource functions (selection, development, assessment and compensation) on individuals, groups and leaders, and their response to changing or growing corporate responsibilities (Gond *et al.* 2011; Greenwood 2002; Voegtlin and Scherer 2014).

Integration of CSR and paradigm incommensurability

Frynas and Stephens (2015) argue for an integration of different domains and advocate ‘the application of multi-theory approaches’ (Frynas and Stephens 2015, p. 500) that can combine different theoretical perspectives. However, the authors do not explain what they mean by ‘integration’ and whether or how (and under what conditions) integrating different theories is possible. There have been several calls for integration in the CSR literature (e.g. see Aguinis and Glavas 2012; Jones and Wicks 1999; Schwartz and Carroll 2008; Windsor 2001). However, putting several theories next to each other will not be sufficient in cases where the assumptions and/or implications of the various theories are incompatible owing to conflicting paradigmatic assumptions and values (e.g. see Gioia 1999; Jones 1983; Trevino and Weaver 1999). Frynas and Stephens come close to what advocates of the multi-paradigm strategy have suggested: a combination of perspectives may lead to ‘more comprehensive’ insights (Gioia and Pitre 1990). However, critics have argued that, in cases of incommensurable results, the combination of perspectives is unsatisfactory, as the contradictions persist and the situation of incommensurability remains unresolved (Parker and McHugh 1991; Scherer 1998; Scherer and Steinmann 1999).³

This problem is apparent, for example, with Rajwani and Liedong’s (2015) most recent review on CPA research. On the one hand, the authors dedicate a few paragraphs to the (un)ethical implications of CPA, mention the inherent legitimacy problems of CPA, and point to alternative approaches such as corporate citizenship (Matten and Crane 2005) and political CSR (Scherer and Palazzo 2007). On the other hand, however, they stick to the central premise of CPA, and formulate the (present and future) research agenda accordingly: developing theory that helps managers ‘to influence government policy, shape their regulatory space, and drive their performance.’ (Rajwani and Liedong 2015, p. 273). By contrast, how the inherent conflicts of corporate performance ambitions with ethical or legitimacy concerns may be moderated or resolved is not on Rajwani and Liedong’s agenda. Frynas and Stephens (2015,

p. 498), at least, suggest that ‘MNEs use CSR as a way of legitimizing CPAs without reliance on the role of the state’. However, they are not specific on how these concepts and their underlying theoretical perspectives may actually be ‘combined’ and what this means in both practical and theoretical terms: How can a perspective that focuses on private profits at the expense of the public interest be reconciled with a perspective that focuses on public well-being and criticizes the unjustified use of power?

In the case of incompatible perspectives, it seems, one has three options: (1) to set priorities on one perspective and neglect the other(s); (2) to subordinate certain perspectives under the dominance of one superior perspective; or (3) to introduce a new perspective that is able to bridge the gap between incompatible theories. Frynas and Stephens (2015), however, argue that a single unified perspective that could serve as a superior or bridging position is unfeasible. Therefore, they suggest ‘combining multiple theoretical perspectives, as different theories can contribute complementary insights at different levels.’ (Frynas and Stephens 2015, p. 502). However, it is unclear whether a combination of different (and possibly incompatible) perspectives will deliver more valid insights into the phenomenon of political CSR than a single perspective or a selection of different ones. Frynas and Stephens are too optimistic when they assume that the various perspectives provide ‘complementary insights’, because they neglect the differences in paradigmatic and value positions (see Gioia 1999; Trevino and Weaver 1999). Frynas and Stephens are not explicit about their own paradigmatic perspective. However, it makes a difference what research interest a researcher pursues, and it makes a difference what ontological or epistemological assumptions are made, as these assumptions guide the way research is conducted, knowledge is created, theories are developed and, finally, determine how practice is influenced (Marti and Scherer 2016; Steffy and Grimes 1986).

The way ahead

As we have seen, Frynas and Stephens assume that research on political CSR should be value free. They strive to fill research gaps and integrate competing theories. Their implicit goal is to accumulate objective knowledge over time, as envisioned by Popper (1979) and other positivists (see critically Steffy and Grimes 1986; Suddaby 2014). By contrast, I suggest

³Theoretical perspectives are incommensurable with each other (1) when they are radically different, (2) when one must decide for one of several perspectives, and (3) when there is no criterion or meta-perspective available to resolve the differences (Scherer 1998; Scherer and Steinmann 1999).

following a normative approach and to ‘value theory for its ability to create new reality’ (Suddaby 2014, p. 408). This builds on the assumption that theory is not value free and that management research – CSR in particular – has a normative foundation (Donaldson and Walsh 2015; Walsh *et al.* 2003). Therefore, we must think about the ‘questions worth answering’ (Davis 2015b, p. 314) and the reality we want to create. Research on political CSR must not restrain itself to descriptive and explanatory research, but has to build on a solid value base. Descriptive and explanatory research without a normative foundation is in danger of providing knowledge that is missing social welfare, because there is no clear guidance concerning the goals to which research efforts should be directed and what interests should be served (Donaldson and Walsh 2015; Steffy and Grimes 1986). Similarly, normative research without hermeneutic or explanatory research is in danger of providing knowledge about a desirable future, but not the means for making this vision a reality, and thus lacks the improvement of social conditions.

Therefore, political CSR scholarship needs to embrace both normative and pragmatic research, on the one hand, and descriptive and explanatory research, on the other. This follows the critical theory approach to organization studies (Steffy and Grimes 1986). The philosopher Habermas (1971), specifically, argues that social research should embrace all three cognitive research interests: a technical interest in identifying cause and effect relationships; a practical (hermeneutic) interest in understanding interpretive schemes that make sense of the social world; and an emancipatory interest in freeing human beings from situations of dependency, suppression and subordination. Together, the three research interests can facilitate the analysis of social conditions, the identification of unjustified use of power, and the reform of social practices and institutions (Scherer 2009; also Connell and Nord 1996; Stablein and Nord 1985; Willmott 2003).

Consequently, I suggest future research on political CSR must contribute to the following six areas: (1) reflecting on research goals, values and paradigmatic foundations; (2) tackling public policy challenges; (3) exploring changing institutional contexts and shifting responsibilities; (4) producing knowledge for managing CSR within organizations and along value chains; (5) exploring the conditions and contributions of responsible innovations; and (6) considering the implications for corporate and individual motivations. As mentioned, this implies both normative and

descriptive research, as is shown in the following elaborations.

Value-laden approach and paradigmatic foundations

Political CSR scholarship needs to be explicit about the goals of research. In the social sciences there have been various attempts to define social sciences as a value-free science (see the discussions in Adorno *et al.* 1976; Gouldner 1962; Homans 1978). However, value-free research is a myth. Any research involves values in the selection of phenomena, questions, goals and methods of research, even though these values are seldom revealed (see critically Connell and Nord 1996; Steffy and Grimes 1986). Therefore, instead of abandoning normative research, as suggested by Frynas and Stephens, we need to be clear and explicit about the goals of research and its underlying values.

Scherer and Palazzo (2011, p. 901) have developed a new conception of political CSR as ‘an extended model of governance with business firms contributing to global regulation and providing public goods’. The notion of politics underlying this conception refers to three aspects: (1) deliberations about collective issues, decisions and rules; (2) the production of public goods (and avoidance of public bads); and (3) the contribution to or impact on social welfare (Scherer *et al.* 2014, 2016). In conclusion, we define political CSR as normative and descriptive scholarship, aimed at advancing responsible corporate engagement with collective issues and public goods, that facilitates positive and impedes negative business contributions to society. This is coherent with CSR definitions in economics (Bénabou and Tirole 2010; Kitzmueller and Shimshack 2012) and value positions advanced in management (Donaldson and Walsh 2015; Hollensbe *et al.* 2014). For example, Besley and Ghatak (2007, p. 1646) ‘identify CSR explicitly with the creation of public goods and curtailment of public bads’, and Frederick (1994, p. 151) argues ‘the obligation to work for social betterment is the essence of the notion of corporate social responsibility’. To reach this goal, political CSR research should analyse the responsibilities of business firms towards society, study their positive and negative contributions, and explore how practices, structures and procedures on individual, corporate and institutional levels should be changed so that social welfare is enhanced. This emphasis on societal well-being and the social construction (and change) of human conditions positions political CSR research in the human structuralist paradigm (Burrell

and Morgan 1979), with a focus on critical theory (Scherer 2009; Steffy and Grimes 1986).

Social welfare, however, is a contested concept (Jones *et al.* 2016; Marti and Scherer 2016; Mitchell *et al.* 2016). It is a normative concept that people use to assess the well-being of society, to decide on the societal goals, and to provide targets for public policy. Yet, different people have different ideas on what the societal goals and priorities of public policy should be. We argue that monistic conceptions that rely on a single measure, such as gross domestic product (GDP) (Fleurbaey 2009) or 'happiness' (Jones and Felps 2013), are limited, because they do not account for the pluralism of values in society and are not able to moderate between the different priorities. Rather, we suggest that social welfare must be conceived as a multidimensional concept that builds on three dimensions – efficiency, stability and justice – and takes into account the various interests of people and social groups in society (Marti and Scherer 2016).

This indeterminacy of societal goals poses a problem for research on political CSR and the corporate contribution to social welfare. Neither managers nor researchers are in the position to anticipate societal goals correctly and to determine the priorities of public policy on behalf of society, as they do not know the various preferences of the members of society or future generations. Rather, it is the members of society themselves who, in processes of democratic will formation, should deliberate on collective goals and determine how the trade-offs between efficiency, stability and justice should be balanced or prioritized. Researchers can provide knowledge and tools for the democratic deliberation process, but they cannot anticipate or pre-determine the result (see Dryzek 2006; Fishkin 2009; Goodin 2008; Marti and Scherer 2016). Thus, determining what is meant by 'social betterment' (Frederick 1994, p. 151) is up to the members of society. Consequently, business firms have to adapt their societal contributions to the process of public will formation.

Public policy challenges

Political CSR scholarship needs to (re)consider the policy issues that business firms should address. Until now, CSR research and practice have focused on quite a narrow set of social and environmental issues that are defined along the guidelines of international regulatory schemes (Waddock 2008). The UNGC is an important regulatory scheme and, with about 10,000

members, the biggest one. The UNGC suggests ten principles in the areas of human rights protection, social and environmental standards, and anti-corruption (Rasche *et al.* 2013; Voegtlin and Pless 2014). However, there is a danger that the institutionalization of these principles leads to rituals that miss the actual concerns of societies. When companies unilaterally decide on priorities and contributions to public goods problems without proper inclusion of and deliberation with the addressees of their engagement, this may provoke problems of both legitimacy (Matten and Crane 2005; Scherer *et al.* 2013) and efficiency (Besley and Ghatak 2007).

Legitimacy problems may occur when the companies miss the actual expectations of the members of society (Palazzo and Scherer 2006; Suchman 1995), while efficiency problems may result from various forms of decoupling: actual CSR practices depart from the stated policies (policy–practice decoupling; see Boxenbaum and Jonsson 2008; Meyer and Rowan 1977) or CSR policies do not reach the targeted aims (means–ends decoupling; see Bromley and Powell 2012; Wijen 2014). These topics need to be explored further, as the literature is inconclusive on whether the commitment to CSR standards is substantive, especially in fragile states compared with developed countries (e.g. see Lim and Tsutsui 2012), whether companies largely adopt CSR practices only pro forma and without substantive implementation (e.g. see Jamali *et al.* 2015), or whether CSR standards and policies are appropriate means towards contributing to the improvement of labour conditions (e.g. see Locke 2013 with regard to social standards).

In order to become more legitimate and effective in diminishing harm and doing good to society, political CSR theory and practice need to take account of two issues: (1) enhancing legitimacy by taking seriously the priorities of those who are concerned: the relevant public (and neither corporate managers nor technocrats in international organizations alone) should decide (based on deliberative processes) on the societal goals and priorities of public policy (Crouch 2004; Marti and Scherer 2016); (2) enhancing effectiveness by avoiding decoupling and building on the competencies of companies: business firms have to take account of these priorities and focus on those public goods problems where they can pool, develop or already have the resources that contribute to the resolution of public issues (e.g. see Kaul *et al.* 2003).

While CSR research and practice have until now operated with a relatively narrow set of social and environmental issues, theory and practice of

sustainable development have widened the perspective for public policy. The Millennium Development Goals (MDGs) of the United Nations (Newell and Frynas 2007), the Planetary Boundaries initiative on the limits of the world's ecosystem (see Griggs *et al.* 2013; Rockström *et al.* 2009) and the sustainable development goals (SDGs) (Griggs *et al.* 2013; Sachs 2012; Whiteman *et al.* 2013) define much broader sets of goals that public policy needs to pursue (e.g. social issues such as fighting poverty and hunger, universal primary education, gender equality, as well as ecological benchmarks for use of materials, clean air, nutrient cycles and climate stability). Again, these goals have yet to be authorized in processes of democratic deliberation, a concern that is raised also by development researchers:

Most research into the MDGs tends to be technocratic addressing issues of how we might achieve the goals better, faster, and more efficiently. Questions of what kinds of societies might be created by the achievement of the goals, and what alternative societies people living in poverty might wish to build for themselves tend to get left aside, as do questions which address the fundamentally capital-centric logics which underpin the MDGs. (Gabay 2015, p. 576; emphasis in the original here omitted).

The governance structures for bringing about more legitimacy and efficiency have yet to be developed (Galaz *et al.* 2012; Jordan 2008; Nilsson and Persson 2012; Reischl 2012). Apparently, many authors of the SDGs discourse consider the main governance task as resting on the shoulders of national governments and international institutions (Griggs *et al.* 2013; for a critique, see Sexsmith and McMichael 2015). However, owing to the limits of nation-state governance, especially in fragile states, we need to consider how private and civil society actors can facilitate open deliberation processes that aim to involve citizens, state and non-state actors in addressing problems, defining priorities and developing solutions to public issues (Sachs 2012; Voegtlin and Scherer 2015; Waddock and McIntosh 2011).

Institutional contexts and shifting responsibilities

In view of these challenges, political CSR research must take account of the complex and heterogeneous institutional contexts of the global economy (Marano and Kostova 2016; Pache and Santos 2010; Scherer *et al.* 2013). Frynas and Stephens (2015, p. 502) take issue with the 'axiomatic assumption [...] about the

loss of power by national governments in a globalized economy'. Although they concede that there is an 'increased importance of non-state actors and private social and environmental regulation in global governance', they suggest that 'state power remains strong' (Frynas and Stephens 2015, p. 502). However, students of political sciences developed a new understanding of global governance that departs from received notions of national governance. They point to the observation that, on the global level, non-state actors often fill the governance gap left by the nation state and provide public goods and regulations either unilaterally or in joint collaboration (Bernstein and Cashore 2007; McGuire 2013; Vogel 2008). The concepts of a post-Westphalian (Kobrin 2001, 2009) or post-national constellation (Habermas 2001) describe the new institutional context of limited nation-state governance and the rising political significance of non-state actors (Bartley 2007; Chandler and Mazlish 2005; Doh *et al.* 2015; Scherer and Palazzo 2011; Teegen *et al.* 2004; Waddock 2008). This contrasts with received notions of CSR that have analysed the responsibility of business firms through the lens of a largely domestic approach (e.g. see Carroll 1979, 1999; Schwartz and Carroll 2003).

The domestic approach to CSR has neglected these developments and works on the assumption of intact national institutions and a strict separation of public and private realms (e.g. see Friedman 1962; Henderson 2004; Sundaram and Inkpen 2004; see critically Bénabou and Tirole 2010; Kitzmueller and Shimshack 2012; Mäkinen and Kourula 2012). Seen from this perspective, the democratic nation state provides the institutional context, and business firms pursue their economic interests within these rules. In such a conception business firms contribute to social welfare via their wealth-creating strategies, and they do not assume additional social or environmental responsibilities, because 'perfect government' (Besley and Ghatak 2007, p. 1660) prevents externalities *ex ante* or compensates for the costs *ex post*. In such a conception, business firms maintain their societal acceptance (legitimacy) simply by making profits and by staying within the legal rules and the moral expectations of democratic society (Friedman 1962; see critically Peters 2004; Scherer and Palazzo 2007).

In response to this approach, Scherer and Palazzo (2011) argue that large parts of the world's business activities have been shifted offshore or to fragile states where rule of law and democratic control mechanisms are lacking (Naudé *et al.* 2011; The Fund for Peace 2016). Under these conditions, corporations cannot

easily maintain their legitimacy by complying with the norms of the institutional context or by satisfying the expectations of the ruling elites in the host countries. The reasons for this are manifold: the prevailing norms in fragile states are likely to be deficient or unstable as they are not based on democratic or rule of law mechanisms (Palazzo and Scherer 2006; Wolf 2005), the compliance with the regulations and expectations in fragile states may provoke legitimacy concerns or allegations of complicity with human rights abuses in other countries (e.g. in more developed states with stable democratic regimes; Brenkert 2009; Dann and Haddow 2008; Stevens *et al.* 2016) or may put the licence to operate at risk after a regime change in a fragile state (Bucheli and Kim 2012; Darendeli and Hill 2016). Rather than relying on the institutional context, business firms contribute to the production of public goods (such as regulations) and the avoidance of public bads in order to maintain their legitimacy (Palazzo and Scherer 2006).

At the same time, even governments of democratic rule of law states are often incapable of responding to transnational public policy issues (such as deforestation or global warming) or to provide proper regulatory mechanisms (Chandler and Mazlish 2005; Kaul *et al.* 2003). These developments lead to shifting responsibilities between public and private actors for the provision and governance of public goods (Bénabou and Tirole 2010; Scherer and Palazzo 2011; Scherer *et al.* 2006). Yet, the influence of the institutional context on the locus and modus of governance is not sufficiently understood. We briefly illustrate this on three levels: (1) governance on the state level (with a focus on the new role of the state); (2) governance beyond the state (with emphasis on global supply chains); and (3) governance on sector or industry level (with a focus on financialization and virtualization of social exchange).

State-level governance and shifting responsibilities.

The division of labour between private and public actors has changed, in both developed and in fragile states. The theory of the firm assumes that it is the state's task to provide an institutional framework that protects the public interest and constrains the profit-seeking behaviour of firms so that the results contribute to public welfare (e.g. see Henderson 2004; Jensen 2002; Sundaram and Inkpen 2004; see critically Kitzmueller and Shimshack 2012). However, owing to unavoidable externalities and limits of law, it is fair to say that the state has never been able to complete this task (Bénabou and Tirole 2010;

Stone 1975). Today, this model is even more limited because of (a) the redefinition of state tasks in developed states and (b) the intensified inclusion of fragile states in global business:

- (a) Political CSR has to explore the persistent redefinition of state tasks in developed countries (Bell and Hindmoor 2009; Levi-Faur 2005). This includes the neoliberal retreat of the state (Crouch 2006) and various forms of 'new statism' (Wood and Wright 2015) that lead to a delegation of state activities to private and civil society actors (Djelic and Etchanchu 2015; Midttun *et al.* 2015). While students of political science discuss the facilitating role of the state and of international organizations in 'orchestrating' private engagement in public policy (Abbott and Snidal 2010, 2013), the questions of how the roles of public and private actors should be redefined and whether 'the role of the state as embodiment of the collective is diluted in favour of serving as an agent of private interests' have yet to be addressed (Wood and Wright 2015, p. 283). Owing to their focus on global business, Scherer and Palazzo (2007, 2011) have not yet addressed this issue (see critically Djelic and Etchanchu 2015, but also see Scherer *et al.* 2016).
- (b) Global firms are facing heterogeneous institutional environments that include failed and weak states, strong but oppressive states, and a big variety of more or less democratic rule of law states (The Fund for Peace 2016). At the same time, many fragile states⁴ that lack democratic and rule of law institutions (Naudé *et al.* 2011; The Fund for Peace 2016) are economically potent so that they are listed among the top 20 host economies of foreign direct investment inflows (see UNCTAD 2015, p. 5) or top 30 merchandize export nations (see WTO 2015, p. 26). Political CSR scholarship has yet to take account of these varieties and to explore how the governance deficits in fragile states can and should be compensated by private and civil society engagement (Dobers

⁴The so-called Fragile States Index is issued annually by The Fund for Peace and the journal *Foreign Policy* and is based on 12 social, economic, political and military indicators (see fsi.fundforpeace.org). The FSI categorizes 178 nation states on a scale ranging from 'very sustainable' to 'high alert'. In 2016, 125 nation states were listed in the categories 'warning', 'elevated warning', 'high warning', 'alert', 'high alert' or 'very high alert' and can thus be considered fragile states (The Fund for Peace 2016, pp. 6–7).

and Halme 2009; Kolk and Lenfant 2015) or by changes in corporate governance (Scherer *et al.* 2013).

Governance beyond the state and supply chain governance. Today business firms are able to create complex global supply chains that span multiple nations and jurisdictions. They combine outsourcing (externalizing elements of a firm's value chain) and offshoring (overseas relocating of products and services) strategies (Buckley and Strange 2015) and develop different modes of global value chain governance (Gereffi *et al.* 2005). The discussion on political CSR has shown that business firms have to take responsibility for issues of public concern not only within their firm boundaries, but also along the complex and dispersed supply chains (Levy 2008; Scherer and Palazzo 2011; Schrempf-Stirling and Palazzo 2016). However, it is still unclear how the breadth and depth of corporate responsibilities can be defined and how the various value chain governance patterns affect CSR (Amaeshi *et al.* 2008; Gereffi *et al.* 2014; Locke 2013). More recently, scholars argue that there is a shift in bargaining power in favour of large suppliers in developing countries (Buckley and Strange 2015; Gereffi 2014), which will have implications for CSR. Relatedly, it needs to be analysed how shifts in global supply chain management (e.g. smaller number of larger, more capable suppliers; concentration of production hubs in large emerging economies) (Gereffi 2014) or the emerging 'economic and social upgrading' of supply chains (e.g. with the help of lean management techniques) (Barrientos *et al.* 2011; Gereffi and Lee 2016) will change the context of CSR.

Sector or industry level. Empirical research in CSR until now has focused mainly on the extracting sector (e.g. Hilson 2012; Jenkins and Yakovleva 2006) and the industrial sector, with an emphasis on consumer goods (e.g. Sen and Bhattacharya 2001) and (to a lesser extent) business-to-business markets (e.g. see Homburg *et al.* 2013). However, tertiary and quaternary sector businesses have not received much attention in CSR research, despite their significance in the post-industrial economy (see also Scherer *et al.* 2016). Surprisingly, not only CSR, but also management studies in general, have been silent about the 'financialization of the economy' (Davis 2009a,b) and the growing power of financial intermediaries (see critically Munir 2011; Starkey 2016). Even the financial crisis of 2007–2008 and frequent scandals in the banking sector have not sparked much reaction (for

exceptions, see Davis 2010; Klimecki and Willmott 2009; Knights and McCabe 2015; Marti and Scherer 2016, Scherer and Marti 2012; Willmott 2011).

Similarly, the growing influence of information and communication technology companies (ICTs) and the emerging information society has provoked only sparse attention in CSR. Extant CSR research is limited to particular corporate scandals in firms such as Google or Yahoo (Brenkert 2009; Dann and Haddow 2008) or certain ICT topics such as social media (Whelan *et al.* 2013), corporate transparency (Vaccaro and Madsen 2009) or privacy rights (Pollach 2011). The bigger picture of how the new ICTs and business firms may undermine the foundations of free democratic society has not yet been addressed (see critically Lanier 2013; Zuboff 2015). There is a growing literature on how firms economize on new ICTs and 'big data' and develop new strategies of extracting rents (Bhimani 2015; Constantiou and Kallinikos 2015; Mayer-Schönberger and Cukier 2013). Some authors celebrate these developments (Brynjolfsson and McAfee 2014; Rifkin 2014; Varian 2010, 2014). Others point to the dangers to human rights and civic liberties when companies collect data, invade privacy and, alongside public agencies, contribute to the emergence of 'surveillance capitalism' (see critically Lanier 2013; Richards 2013; Zuboff 2015). Political CSR practice and research are affected as financialization and virtualization decrease the regulatory power of the nation state and potentially threaten social welfare (Zuboff 2015). Money and information exchange in the offshore world or in the cyber world can be regulated only with difficulty. This affects the responsibility of the involved firms. Waddock and McIntosh (2011) describe some of these challenges and develop a vision of 'corporate responsibility in a 2.0 world'.

Knowledge for managing political CSR

Enhancing positive and avoiding negative impact of business on society is not a trivial task. Rather, this task must be managed on multiple levels – transnational, national, industry and firm (Lidskog and Elander 2010; Mwangi and Wardell 2012). On the transnational level, political CSR can contribute to the global governance of public policy issues (Scherer and Palazzo 2011). This requires, as we have argued, the goals and priorities of public policy to be defined by processes of democratic deliberation (Dryzek 2006; Goodin 2008). However, the definition of goals and priorities is a necessary but not sufficient

condition. In addition, to achieve public policy goals, the appropriate means (resources) have to be made available (labour, capital, infrastructure) and combined (Sachs 2012). For this endeavour, complex technical and social issues have to be addressed and descriptive, explanatory and interpretive knowledge needs to be developed on the various levels of analysis. Here positivist sciences can contribute insights about cause and effect relationships, whereas interpretive sciences provide knowledge about sensemaking processes in order to explore the potentials and limitations of political CSR practice.

With regard to knowledge that contributes to public policy issues and human development, we have not yet come very far (Griggs *et al.* 2013; Lomborg 2009; Rockström *et al.* 2009). This is even true with regard to a policy issue that has been studied intensively: the abolishment of so-called sweatshops and the improvement of labour standards in global supply chains (e.g. Arnold and Bowie 2003; Arnold and Hartman 2006; Locke 2013; Locke *et al.* 2007; Rodriguez-Garavito 2005; Young 2004; Yu 2008). Gereffi *et al.* (2014, p. 219) aptly characterizes the situation when he states: ‘Comprehensive and realistic analysis of labour standards in the global economy that lead to constructive dialogue about how to improve current conditions in a sustainable way are in very short supply.’ In past decades, various approaches to improve labour standards along supply chains have been developed and implemented.

However, the conclusions from intensive studies are sobering (see, comprehensively, Locke 2013). Both the compliance-based approaches as well as the capability-building approaches have limitations. Compliance-based approaches define standards of behaviour and control suppliers through a system of monitoring and sanctioning mechanisms (Paine 1994). However, with their focus on company records, these approaches are in danger of degenerating into rituals that are detached from the actual practices on the shop floor (Locke *et al.* 2007). By contrast, capability-based approaches attempt to enable suppliers to develop and enforce labour standards on their own (e.g. see Rodriguez-Garavito 2005). However, capability approaches fall short when it comes to taking account of the high fluctuation rates of workers in low-cost industries and neglect problems of global retailers such as last-minute changes, poor forecasting of markets and miscalculation of supplier capacities (Locke 2013). As a remedy, Locke (2013) recommends a blending of private and public regulation, with stricter enforcement of legal standards, on the

one hand, and an improvement in buyer–supplier co-operation, on the other. This is supported also by evidence from other studies (e.g. see Berliner *et al.* 2015; Rodriguez-Garavito 2005; Yu 2008). However, the questions regarding what the exact mix of public and private regulation should be and how this mix should be enacted, stabilized and properly managed (Regini in Gereffi *et al.* 2014) remain.

The improvement of labour conditions in the global supply chain is only one example of many global public issues that are unresolved (e.g. see Kaul *et al.* 2003; Lomborg 2009; Whiteman *et al.* 2013). In order to support the practice of addressing the above-mentioned challenges of human development, scholarship on political CSR should (in collaboration with other disciplines in management, political science and economics) address the following governance and management issues: (1) to develop a theory of global governance that encompasses the contributions of public and private actors on transnational, national, industry and firm level in order to address issues of public concern (Detomasi 2007; Sachs 2012); (2) to study compliance and enabling mechanisms on the industry and firm level and to explore the conditions facilitating the implementation of public policy programmes (Locke 2013); (3) to explore the institutional and behavioural aspects by which both public and private institutions are motivated to pool their resources and to direct their efforts towards social welfare ‘in ways that combine technical expertise and democratic representation’ (Sachs 2012, p. 2211).

Responsible innovation

If humankind wants to have a liveable future, many social and environmental issues need to be addressed (Griggs *et al.* 2013; Rockström *et al.* 2009; Sachs 2012; Whiteman *et al.* 2013). Therefore, it is necessary to develop knowledge about these problems and their solutions. This is a task that governments, businesses or civil society actors cannot accomplish unilaterally (Sachs 2012). Rather, it is necessary to pool resources (money, knowledge, relations) in order to create and implement new ideas, products and services that contribute to public goods (Adams *et al.* 2016; van Kerkhoff and Lebel 2006). Business firms can and should contribute to these innovation processes, and they should do so in a responsible way (Grinbaum and Groves 2013; Sachs 2012; Stilgoe *et al.* 2013; Waddock and McIntosh 2011). Responsible innovation is composed of three responsibilities (Voegtlin and Scherer 2015): (1) to create or

diffuse new ideas, processes, products and services that generate value, but do not cause social hardship or environmental damages along the value chain (responsibility to do no harm); (2) to create or diffuse new ideas, processes, products or services that take care of the SD issues, or to provide (global) public goods (responsibility to do good); and (3) to engage in governance schemes with public, private and civil society actors that define priorities of public policy and contribute to the resolution of collective problems (governance responsibility).

Governance responsibility is a meta-responsibility, as it forms the conditions under which private, public and civil society actors define priorities of public policy and contribute to collective goals. To this end, we have to develop political CSR further so that it can provide a framework for responsible innovation (Voegtlin and Scherer 2015). For this, it is necessary to explore further new forms of governance above and beyond the state and include the contributions of business firms and NGOs (Abbott and Snidal 2010; Scherer and Palazzo 2011). We need to envision alternative forms of regulation that build on soft law mechanisms that complement hard law whenever legal regulations and coercive mechanisms are not available or are insufficient (Bailliet 2012; Mörth 2004). As innovations are an important part of this endeavour, we have to rethink the motivations of firms and individuals to engage in social and environmental innovations (see below). Finally, the implications for democratic governance need to be analysed. In the democratic rule of law state, it is the people that decide on issues of public concern and public policies that address these issues. In global governance, the governance task is divided among international and national governmental agencies, private businesses and civil society actors. Yet, we do not know how the various forms of private governance can be democratically controlled. Therefore, political CSR needs to explore further new forms of democratic will formation and control above and beyond the state (Dryzek 2006; Goodin 2008; with regard to climate change, see Lidskog and Elander 2010).

Motivational and micro-level issues

I have criticized Frynas and Stephens, as the authors assume that economic motives are and should be the only motivation for firms to engage with CSR. In fact, there is a tendency in the literature (especially among those who advance an instrumental view on CSR) that the empirical observation ('many firms engage with

CSR for economic benefits') is explicitly or implicitly turned into a normative prescription ('firms should engage with CSR only when they benefit economically' or 'firms should refrain from CSR when they do not benefit economically'). By contrast, I propose that business firms should engage with the production of public goods and the diminishing of public bads, because this is beneficial for society, especially in situations when the state is unable to do so (see also Bénabou and Tirole 2010; Besley and Ghatak 2007). In order to make this normative vision a reality, research has to explore what motivates firms and individuals to provide public goods (Kitzmüller and Shimshack 2012). With regard to this issue, the literature on motivations is more manifold than Frynas and Stephens' conception suggests.

Psychologists and economists study a large variety of motivations for individuals and organizations to assume responsibility for public issues, in which economic benefits are only one aspect (Aguilera *et al.* 2007; Aguinis and Glavas 2012; Bénabou and Tirole 2010; Dare 2016; Kitzmüller and Shimshack 2012). Individual and corporate social responsibility can be explained by economic calculations or instrumental reasoning (McWilliams and Siegel 2001, Whelan 2012), by intrinsic motivation for altruistic or pro-social behaviour (Baron 2001; Bénabou and Tirole 2003), by institutional pressures and isomorphic forces (Campbell 2007; Lim and Tsutsui 2012), by NGO activities (Baron 2001), by corporate response to legitimacy concerns (Palazzo and Scherer 2006) or by attempts to maintain individual or organizational identity (Bénabou and Tirole 2011; Martin *et al.* 2011). Researchers have also explored the interrelations between these motivational factors on various levels of analysis. For example, the 'crowding out' of intrinsic, pro-social motivations by monetary incentives has been a major issue in both psychology and behavioural economics (Bénabou and Tirole 2003, 2006; Deci *et al.* 1999; Frey and Oberholzer-Gee 1997).

This research is important for political CSR practice and research, as it explores the conditions and factors that motivate individuals, groups and corporations to take over social and environmental responsibilities. It is helpful towards providing knowledge about how corporate (or other non-state actors') engagement for public issues can be made more likely. This knowledge is helpful for private actors at firm and industry levels for the formulation and implementation of CSR programmes. For example, it can help managers motivate individuals and groups to work

together towards realizing political CSR. This knowledge is also helpful for public actors on national or international levels (e.g. for EU CSR policy) to design policies and strategies to facilitate CSR practice (e.g. see Midttun *et al.* 2015; Vallentin and Murillo 2012). The more firms follow this approach, the less likely it may become that firms deliberately avoid CSR because it does not contribute to the corporate bottom line. This can be accomplished when CSR does not deteriorate the competitive position of individual firms, but is instead institutionalized industry-wide, so that the contribution to the production of public goods and avoidance of public bads becomes a cost of doing business and is thus internalized.

Along with the study of motivational aspects, there are other micro-level issues that help us understand how behavioural processes influence political CSR. Here, it will be necessary to explore how individual and corporate actors enact or change organizational rules and contribute to the institutionalization of responsible behaviour, on both the organizational and the societal level. Research on institutional work (e.g. see Lawrence *et al.* 2011; Slager *et al.* 2012; Vadera and Aguilera 2015), social or environmental entrepreneurship (Mair and Marti 2006; Short *et al.* 2009), pro-social behaviour in psychology (Penner *et al.* 2005), sociology (van Aaken *et al.* 2013) or behavioural economics (Bartling *et al.* 2015; Bénabou and Tirole 2010) can make an important contribution. Similarly, we need to understand how individuals and groups conceive of organizational responsibilities (Haack *et al.* 2014; Muller *et al.* 2014) or irresponsibilities (Lange and Washburn 2012). Here, the emerging literature on social judgment formation and the underlying cognitive and affective aspects is particularly helpful (Bitektine 2011; Bitektine and Haack 2015; Tost 2011). Relatedly, emotions (Creed *et al.* 2014; Voronov and Vince 2012), framing processes (Gray *et al.* 2015; Reinecke and Ansari 2016) and narratives (Bres and Gond 2014), among other behavioural phenomena, play a crucial role in the sensemaking processes that lead to the construction of corporate responsibilities and engagement with political CSR (Basu and Palazzo 2008; Whiteman and Cooper 2011).

Martin and colleagues (2011, p. 575) suggest that ‘for some firms, ethical behaviour ... is ingrained into the fibre of their identities’. Therefore, it will be interesting to explore whether and under what conditions managers can facilitate the organizational sense-making processes that lead to such identities or can make use of the various motivators for individuals

and groups for engaging in CSR. Here, the emerging literature on responsible leadership (Maak and Pless 2006; Maak *et al.* 2016; Pless *et al.* 2012; Voegtlin 2011) that explores how leaders can create the organizational context in which political CSR can flourish may be helpful.

Conclusion

Frynas and Stephens (2015) have engaged with developments in CSR literature and place emphasis on recent research in CPA and political CSR. In doing so, they contribute to the discourse around disparate fields and point to issues where there is considerable overlap in research domains. This gives us the opportunity to consider where there are areas of agreement and disagreement. And this helps us to clarify our positions, to learn from one another, and to benefit for future research projects. I have spelled out a number of problems I see in Frynas and Stephens’ argument. The overarching theme of my critique concerns the authors’ attempt to reject a normative approach and to advance value-free research that captures reality. Frynas and Stephens use a vague conception of politics without any reference to the social good. Rather, they focus on instrumental activities of business firms and do not take the social welfare implications into account. They try to be comprehensive and ‘fill’ all levels of analysis rather than take a stance on what questions are worth answering. And they aim to ‘integrate’ different theories rather than make their normative foundations and incompatibilities in values and paradigmatic assumptions explicit.

Research on political CSR has to make its values explicit and emphasize the implications for social welfare and the public interest. This is based on the insight that management research is not like a camera that captures reality, but more like an engine that makes reality (McKenzie 2006). Therefore, we have to be explicit about what reality we want to create (Suddaby 2014). Accordingly, I have developed an alternative agenda for future research on political CSR that includes topics such as research goals and paradigmatic foundations of political CSR, recent developments in the institutional context, the link to sustainable development goals, multi-level governance and orchestration of political CSR, and the role of responsible innovation in addressing these challenges. These are just a few issues that need to be addressed so that political CSR can contribute to societal

well-being. This endeavour requires both normative and descriptive research. It is explicit about its values, it justifies the goals research should achieve and explores the means that can be developed to reach these goals so that social well-being is enhanced. I conclude by inviting scholars of CSR to take part in this endeavour.

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